

Statewide Accounting Office Asset Management Presentation

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Statewide Accounting Office (SAO) Asset Management

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Statewide Accounting Office (SAO) Asset Management

I. Asset Management Overview:

The SAO's primary goal relating to Asset Management is to:

- Establish uniform policies, procedures and guidelines.
- Control and accountability over all of the State's fixed assets.
- Standardization of the recording the assets:
 - Description
 - Cost
 - Location of assets
 - Depreciation methods used by the agencies
- Centrally provide the ongoing financial tracking and verification of individual assets.
- Provide information for insurance purposes and planning for asset replacement.

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I. Asset Management Overview Continued:

Maximize PeopleSoft capabilities to account for assets to:

- Establish a Generally Accepted Accounting Principles based system and procedures;
- Ensure all of the state's capital assets, as well as including non-capital assets , are properly accounted.

SAO in conjunction with the agencies will be responsible for:

- maintaining the integrity of their asset information within the Asset Management Systems (PeopleSoft & Maximo).

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II. Accounting for Fixed Assets?:

GASB 34 Statement established new financial reporting requirements for state and local governments throughout the United States. It restructures much of the information that governments have presented in the past.

GAAP requirements for Fixed Assets:

- Reporting Capital Assets at cost (Invoice price, freight, taxes & other cost to put the asset in service).
- Depreciation.
- Budgetary comparisons list original and final amended budgets and report general fund and individual major special revenue funds.

Statewide Accounting Office (SAO) Asset Management Program

III. AMP Overview:

The Asset Management Program is a state-wide implementation that addresses the four major disciplines of Asset Management

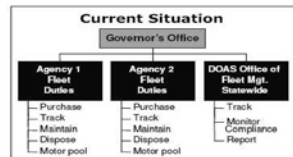
- Fleet
- Information Technology
- Capital (Facilities Management & Real Property)
- General

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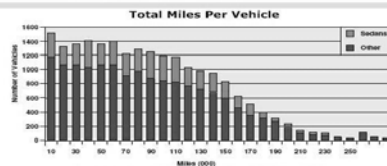
III. AMP Overview:

The Commission for a New Georgia identified several areas where efficiencies could be realized.

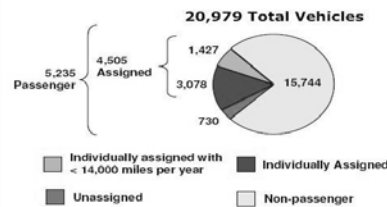
Fleet Management Key Findings



- Information for managing fleet is scattered and inconsistent
- Agency-based vehicle management information systems operate separately
- Responsibility fragmented



- No centralized plan for making optimal disposal/replacement
- 2.6 million commute miles reported in 2003



- Average age of fleet 8.5 years
- No accurate statewide information on maintenance costs

Statewide Accounting Office (SAO) Asset Management Program

III. AMP Overview:

The Asset Management Program is a state-wide implementation that addresses the four major disciplines of Asset Management

- Fleet
- Information Technology
- Capital (Facilities Management & Real Property)
- General

The Commission for a New Georgia identified several areas where efficiencies could be realized by acquiring and implementing an enterprise wide asset management system.

The Department of Administrative Services (DOAS) in conjunction with SAO began the task of implementing an enterprise asset management system. MRO Software, Maximo 5.2 system was purchased, contracting IBM as the systems integrator, to streamline the initial business processes of **fleet asset management** and **surplus** for the State of Georgia.

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IV. About the AMP Project:

The Asset Management Program project has begun and will focus on the following areas:

- ☒ Move the State to a standardized common asset management system.
 - Fleet and Surplus inventory will be initially implemented.
- ☒ Broaden the use of existing Fleet Management system to all agencies by:
 - Utilize exiting FA system to track all state vehicles leading to lower operating cost
 - Lower procurement cost
 - Increase utilization
 - Improve fuel and maintenance contracts.

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IV. About the AMP Project Continued:

- ☒ Track vehicle operating and ownership cost to determine all cost associated with vehicles to make better decisions about buying and selling State vehicles.
- ☒ Centralize fleet management activities.
- ☒ Revise and enforce vehicle assignment and commuting policy so the State can more efficient use of existing vehicles.
- ☒ Create a statewide inventory for all asset classes.
- ☒ Establish consolidated financial tracking and reporting of state assets.
- ☒ Establish uniform statewide policies and procedures.

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IV. About the AMP Project Continued:

Maximo Enterprise, a leading asset management web-based software product was purchased to:

- Provide comprehensive capabilities for General Assets (including surplus property functionality)
- Streamline fleet services
- Enhance information technology
- Provide centralization of capital assets in unison with PeopleSoft

The success of any asset management system is based on a sound set of common policies and procedures. Therefore, implementation is beginning with a process of:

- designing statewide asset management policies, including definitions
- standards and other policy considerations
- planning the rollout process

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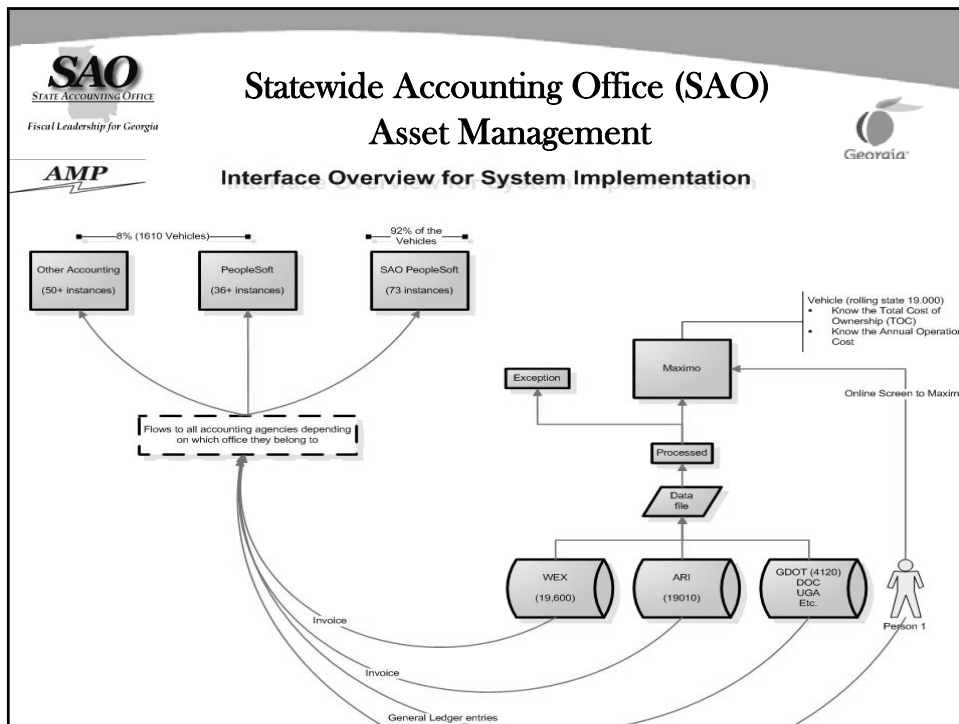
IV. About The AMP Project Continued:

Project staff will be bringing on agencies on line in the near future. The go live process for an agency will take about three months to complete.

The implementation will include:

- Maximo Software
- SAO's PeopleSoft financial system
- The Wex fuel card program;
- ARI maintenance program;

This interface will create appropriate data flow in and out of the Maximo Enterprise system. Interfaces with other non-SAO accounting systems will be identified and address on a case-by-case basis.



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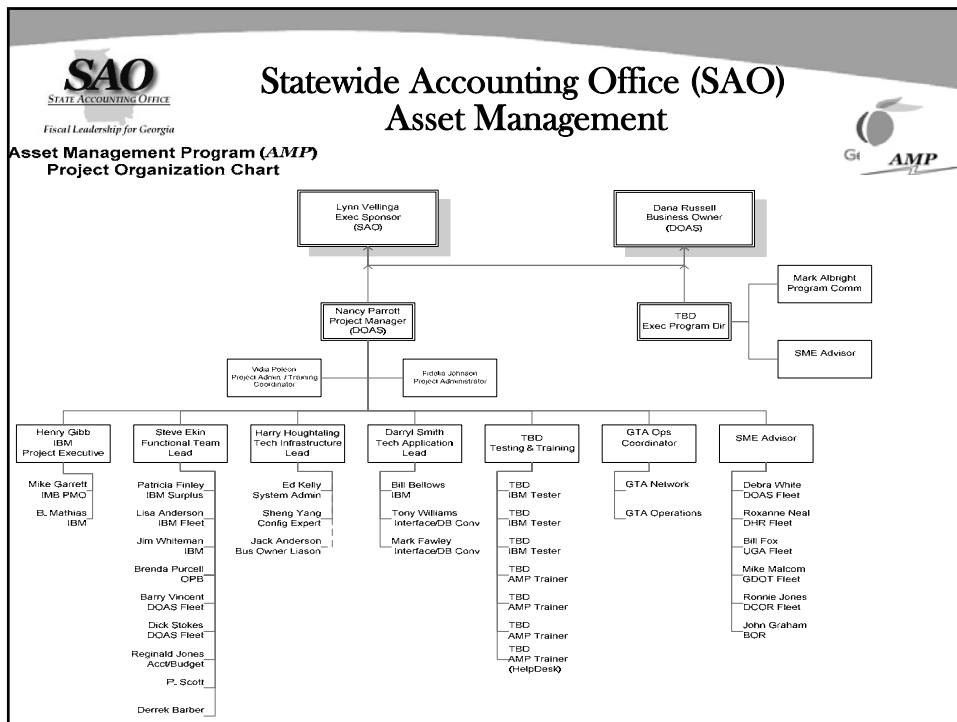
Georgia

V. What Has SAO Done So Far:

“AMP”

Executive Steering Committee, SAO in conjunction with DOAS and IBM have developed (and continue to refine):

- A detailed project plan
- Targeting Fleet and Surplus asset management.
- Developed process flows of the various systems currently utilized by state agencies.
- Held numerous meetings with the project team and agency's staff to:
 - ✓ address system constraints
 - ✓ accounting and financial reporting concerns
 - ✓ understanding the overall functionality of the Maximo system.



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V. What Has SAO Done So Far Continued:

“All State Assets”

The SAO has done or is in the process of:

- Refining and enhancing the State Accounting Manual (SAM) to:
 - ✓ provide the State agencies with one repository of accounting and financial reporting information warehouse.
 - ✓ make it more user-friendly and easy-to-use.
- Developed clear guidelines in recording and reporting leases.

V. What Has SAO Done So Far Continued:

Capital Leases:

A capital lease is a lease that transfers substantially all the benefits and risk inherent in the ownership of the property to the state. A lease is a capital lease if any one of the following four tests are met:

- The lease conveys ownership to the lessee at the end of the lease term;
- The lessee has the option to purchase the asset at a bargain price at the end of the lease term;
- The term of the lease is 75% or more of the economic life of the asset.
- The present value of the rents, using the lessee's incremental borrowing rate, is 90% or more of the fair market value of the asset.

V. What Has SAO Done So Far Continued:

An **operating lease** is define as:

- a rental of an asset
- with terms of more than one year
- where payments are chargeable as rental or lease expenditures in which the rent is incurred.
- Most operating leases contain clauses indicating that continuation of the lease is subject to funding by the legislature.

As a rule of thumb. If leases are considered cancelable, they should be accounted for as an operating lease.

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V. What Has SAO Done So Far Continued:

- Establishing a comprehensive fixed asset useful life and depreciation schedule.
- Worked and will continue to work with agencies to provide better guidance as it relates to:
 - ✓ recording
 - ✓ Processing
 - ✓ depreciating fixed assets
 - ✓ reporting State assets.

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VI. Benefits to the State/Agencies:

Uniformity in recording, monitoring and reporting State assets in PeopleSoft and Maximo will provide the following benefits:

- reduce spending on assets that are functionally obsolete or beyond repair.
- Establish a systematic process of:
 - ✓ maintaining
 - ✓ Upgrading
 - ✓ operating physical assets
- Provide uniformity and a central “voice” to address and resolve GASB 34 issues.

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VII. Agency Participation:

- Agencies will continue to review and “clean up” asset data currently in PeopleSoft or other data systems (including the interim fleet inventory system maintained by DOAS).
- Utilize DOAS contracts for fuel (WEX) and vehicle maintenance (ARI).
- WEX fuel and ARI maintenance costs will automatically be included in Maximo Enterprise through electronic interfaces.
- Established procedures for input of fuel and maintenance costs for vehicles not covered by WEX or ARI contracts.

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VIII. Conclusion/Next Steps:

The State Accounting office is responsible for the statewide support and ongoing direction of the asset management system. During the implementation phases, we will be working with each agencies to ensure that the specific and/or extraordinary needs of each agency are addressed and resolved.

We look forward to working with you on the development and implementation of this tool. If you have any questions or concerns feel free to contact us.

**“Let’s Work Together to Make this the Best
Managed State”**



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Questions!!!!